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ART

NFT

COLLECTING

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01 FOREWORD

Although non-fungible tokens (NFTs) have been around for a few years, the art world has seen a boom in NFTs in 2021. Beeple's \$69 million auction at Christie's set a record, Damien Hirst created an NFT project called "The Currency", Artnet launched an NFT marketplace, and Kenny Schachter invented "NFTism". NFT sales volume has grown to over \$23 billion last year (DappRadar), with art and collectibles accounting for \$11.1 billion of that. This is almost the same size as the global online art trade, which was \$13.3 billion in 2021 (UBS Art Market 2022 Report).

The recent rise of NFTs, as well as signs of a first collapse, has led to increased skepticism among art market participants about their role in the traditional art world. There is still no agreement on whether they will remain or what the difference is between NFT collectibles and art NFTs. Do the collecting habits of NFT collectors also apply to art NFT collectors? Or do art NFT buyers differ from the usual crypto crowd?

Although there has been a lot of excitement recently about art NFTs, mostly coming from crypto pioneers, tech experts, and financial investors, it has mostly been about investment, speculation, and status. There has been less focus on what art NFT collecting looks like from the perspective of buyers and collectors.

This "Art NFT Collecting" edition of the ART+TECH Report looks beyond the general hype around NFTs to explore the motivations and experiences of art NFT collectors. In February 2022, we surveyed 306 international art and art NFT collectors online about their personal experiences when buying and collecting art NFTs. We chose to focus on how and why they buy

art NFTs, rather than what they buy. We'd like to thank all collectors (and collectors to be) who took the time to fill out the extensive questionnaire. Their anonymous answers form the basis of this report. We would like to particularly thank Georg Bak, Anette Doms, Diane Drubay, Anna Graf, Sebastian Ihler and Anika Meier for their time, valuable feedback and critical view during the pre-test phase. We would also like to thank all our loyal supporters, who made it possible for us to address a broad base of collectors and art enthusiasts by sharing and distributing the survey link with their respective communities via Twitter, Discord, Instagram and LinkedIn.

Furthermore, we would like to thank our partners without whom this research project would not have been possible: Philip Borchardt and d&p Kommunikation for the development of the ART+TECH logo, Konstantin Küpper for the visual design of the research results and this report, Merlin Carter for the English editing and Georg Neuschäffer for his analytical support. Very special thanks are due to the digital agency MoreSleep once again for the design and implementation of the arttechreport.com website.

Although there has been some research on the buying and collecting habits of NFT collectors in general, there is still a lack of a deeper understanding when it comes to art NFTs and their collectors. By making this report available to interested parties, we hope to create an independent and unbiased database that will provide insights from an art market perspective.

We hope you enjoy it and wish you a pleasant read.



Kerstin Gold



Kristina Leipold



Johanna Neuschäffer



Anne Schwanz

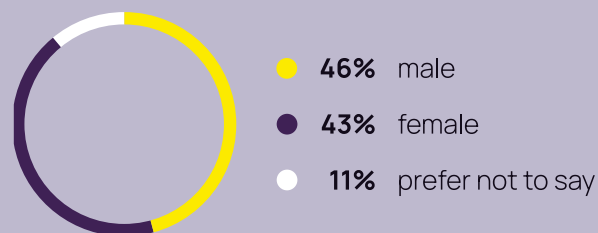
02 WHO WE SPOKE TO

2.1 SOCIODEMOGRAPHICS

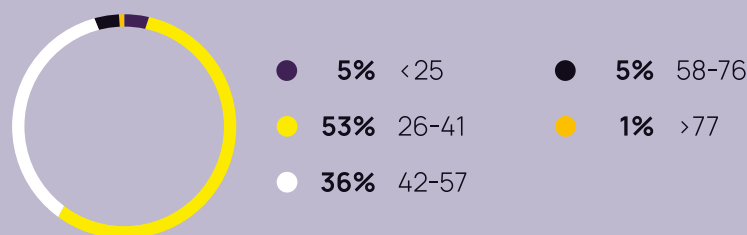
Our quantitative survey was designed to collect opinions and assessments from traditional art collectors as well as NFT collectors of different genders, age groups, and regions. By partnering with significant voices in both traditional art and the NFT community, we were able to reach a broad range of art NFT collectors with our survey link.

A total of 306 respondents completed the questionnaire in full. The respondents were asked whether they identified as male, female, or other. They could also indicate that they preferred not to say. Those who identified as male or female were nearly evenly split with 46% and 43% respectively (Fig. 2.1.1), while 1% selected “other” and 11% preferred not to say.

2.1.1 Gender (%)



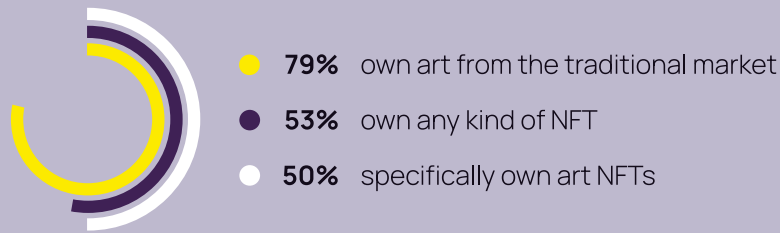
2.1.2 Age in years (%)



Around 53% of the collectors surveyed were millennials —people between 26 and 41 years. 36% were between 42 and 57 years (generation X), 5% in each case were over 58 or under 25 years of age and 1% older than 77 years (Fig. 2.1.2). With over one third of respondents belonging to generation X, it’s clear that millennials aren’t the only players in the art NFT game.

The majority of responses (45%) came from those living in Germany, other respondents resided in the USA, UK, France, Asia, and other European countries.

2.1.3 Types of Art Collected (%)



Almost 80% of the respondents say that they own art that they bought on the traditional art market, 53% own at least one NFT of any kind and exactly half of all respondents own one or more art NFTs. Of those who stated that they own any kind of NFT, 91% said that their NFT collection included at least one art NFT. The gender split among collectors who already have art NFTs is comparable to the whole group, with 53% identifying as male, 35% as female, and 12% preferring not to specify.

In this report, the term “art NFT” is used in contrast to NFTs in general as well as NFT collectibles (such as the Bored Ape Yacht Club or CryptoPunks). Naturally, we want to avoid a restrictive definition of what counts as “art” and what does not. But for practical purposes, we’re using the term “art NFT” to single out NFTs that are collected by a specific audience with distinct motivations.

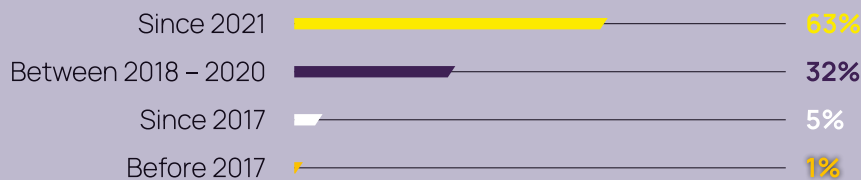
We use the term “art NFT collectors-to-be” to refer to those collectors who haven’t bought art NFTs yet but are highly interested in doing so.

All of the quotes are taken from the anonymous, unaltered comments that were provided by respondents who took the online survey.

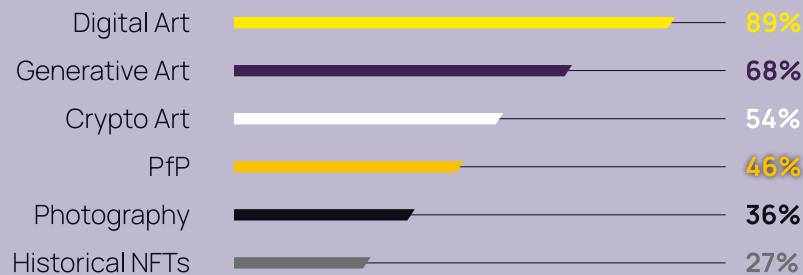
2.2 A PROFILE OF THE TYPICAL ART NFT COLLECTOR

Due to the wealth of responses, this report represents a wide range of collector types and characteristics. This is reflected in the variety of art NFT types collected, the range of average price spent, and amount of experience with collecting art NFTs.

2.2.1 NFT collecting experience in years (%)

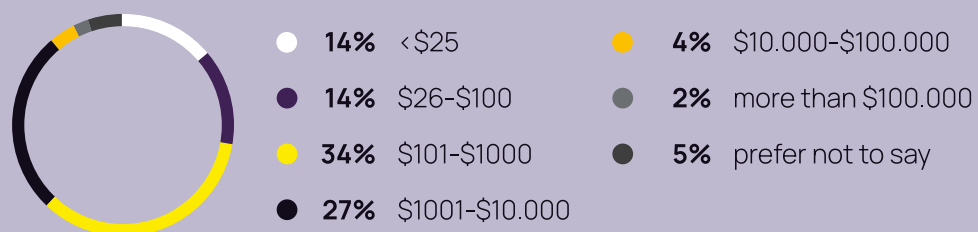


2.2.2 Collecting focus (%)*



*multiple answers possible

2.2.3 Average price spent per art NFT in USD (%)



Although many collectors have been in the game for a while, with 32% collecting NFTs since 2018, and 6% starting even earlier, the majority of people started collecting in 2021—they made up 63% of all respondents. (Fig. 2.2.1)

It's also clear that respondents have varied collecting priorities and target price ranges. A majority of the collections include digital art (89%), generative art (68%), and crypto art (54%) (Fig. 2.2.2). One third of respondents usually spends less than \$100 per art NFT, one third between \$100 and \$1000, and one third from \$1001 upwards. The highest price tag mentioned was \$230,000. (Fig. 2.2.3)

03 BUYING AND COLLECTING ART NFTS

3.1 THE ART NFT BUYING PROCESS

The majority of the surveyed collectors stated that they buy art NFTs based on a specific collecting concept (42%), whereas 15% follow the recommendations of trusted NFT communities and advisors, and only 7% purchase art NFTs out of sheer speculation on potential gains.

Most art NFTs collectors buy directly from their favourite artists and creators (71%), followed by emerging artists that show potential (54%) and trusted art NFT platforms (26%).

When keeping up with the NFT space, most use Twitter as their primary online source of information (75%). In second place, comes Discord (58%) and interestingly, 53% also use various NFT platforms to stay informed.

3.1.1 Which of the following describes your collecting strategy?

- 42%** I buy based on a specific collection concept
- 15%** I follow the recommendations of trusted NFT advisors
- 7%** I invest purely based on what work will bring the most return

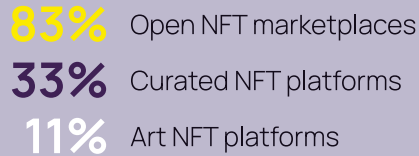
From whom do you buy art NFTs?

- 71%** My favourite artists & creators
- 54%** Emerging artists that show potential
- 26%** Trusted art NFT platforms

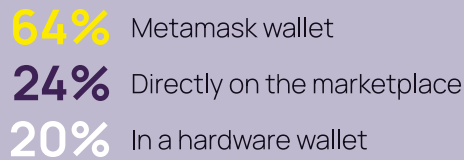
How do you stay informed about the NFT market?

- 75%** Twitter
- 58%** Discord
- 53%** Through various NFT platforms

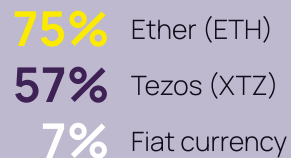
3.1.2 Which platforms do you mostly use to buy art NFTs?



Where do you access your art NFTs?



What crypto currency do you generally use to buy art NFTs?



Out of those who use NFT platforms, 83% said that they buy art on open NFT marketplaces such as Open Sea or Hic et Nunc. 33% buy on curated platforms such as SuperRare or Foundation, and 11% use art NFT platforms from established art market players, such as Verso or misa.art.

While 24% of collectors store their NFTs directly on the marketplace, most use some form of self-custody with 64% of collectors using a hot wallet such as Metamask and 21% opting for cold storage in a hardware wallet.

When asked about their payment preferences, the majority of respondents prefer to use some kind of cryptocurrency, with 75% preferring Ether (ETH) and 57% Tezos (XTZ). Only 7% said they preferred to pay in fiat currency. Additionally, 68% of the respondents stated that they had already owned some form of cryptocurrency before they had purchased their first art NFT.

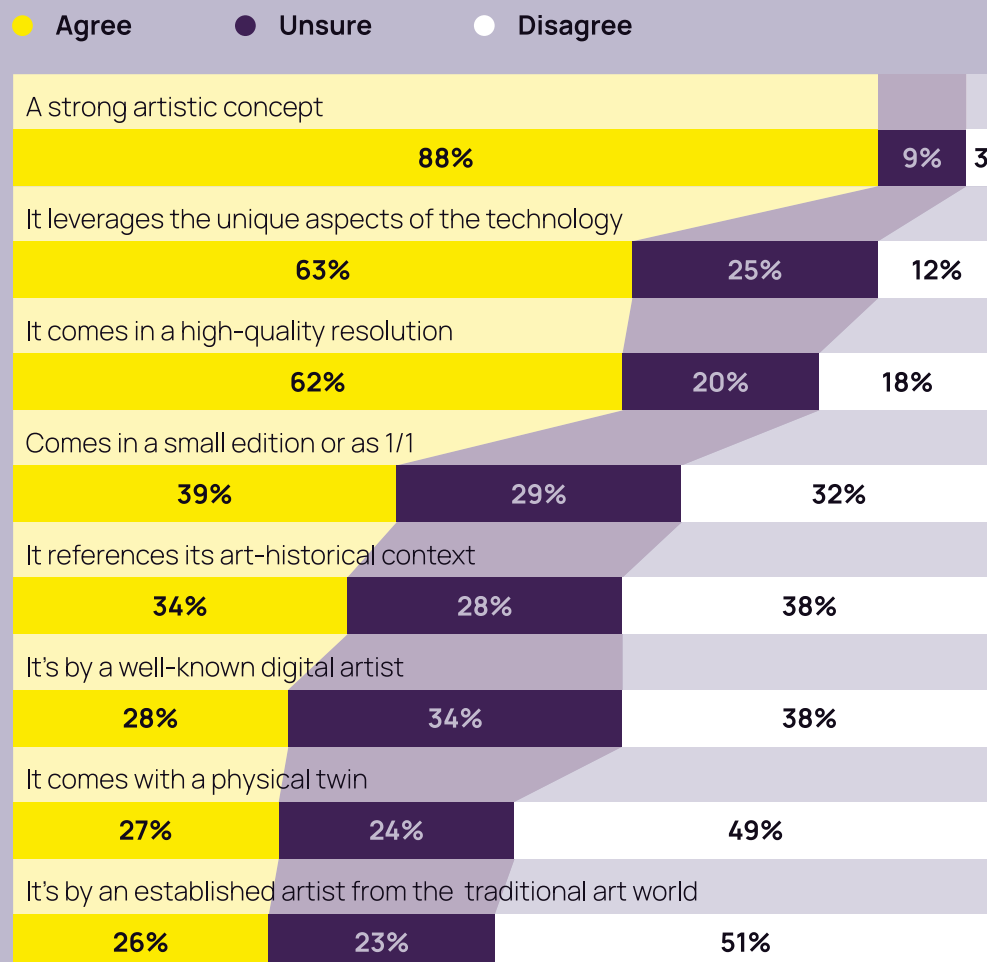
3.2 WHAT MAKES A GOOD ART NFT?

From a collector's and collector's-to-be perspective, the key ingredients for a good art NFT are clear: First off, a strong artistic concept was the most valued aspect (4,53 out of 5; 1=strongly disagree/5= strongly agree). Neck and neck for second place were two other factors: 63% of respondents agreed that the inventive use of the blockchain technology was important and 62% agreed that it was important for the artwork to be available in a high-quality resolution.

Surprisingly, it didn't seem to make a difference if the artist was already well-established in the traditional art world. It was the lowest rated factor, with only 26% agreeing that it was important.

Among art NFT collectors in particular, the artistic concept and innovative use of blockchain technology scored even significantly higher at 93% and 73% respectively.

3.2.1 What makes a good art NFT? (%)



*combined responses by collectors and collectors-to-be

” *Art NFTs are not simply a digital copy of an analogue artwork. This art form has to be thought of in a completely new way.* “

*All cited quotes are unmodified comments from respondents taken from the online survey.

3.3 WHAT MOTIVATES COLLECTORS TO BUY ART NFTS?

When asked what motivated them to buy art NFTs the most, collectors voted for three equally-important factors: being able to directly support the artist (86%), the cultural paradigm shift (85%) and the aesthetics of the artwork (79%).

Of far less importance was the potential for return on investment (34%), the fear of missing out (27%), and the status that comes with owning an art NFT (21%). (Fig. 3.3.1)

3.3.1 Motivations to buy art NFTs (%)^{*}

I want to support digital artists

86%

I want to foster a new cultural paradigm

85%

I like the aesthetics of digital art

79%

I believe in the revolutionary potential of web3

79%

I finally have digital proof of ownership

71%

I appreciate the transparency it comes with

66%

I want to participate in the related communities

60%

I don't need to worry about storage space, insurance, transport or hanging

53%

It's still more affordable than most traditional art

40%

I want to diversify my portfolio and increase my ROI

34%

I'm afraid of missing out

27%

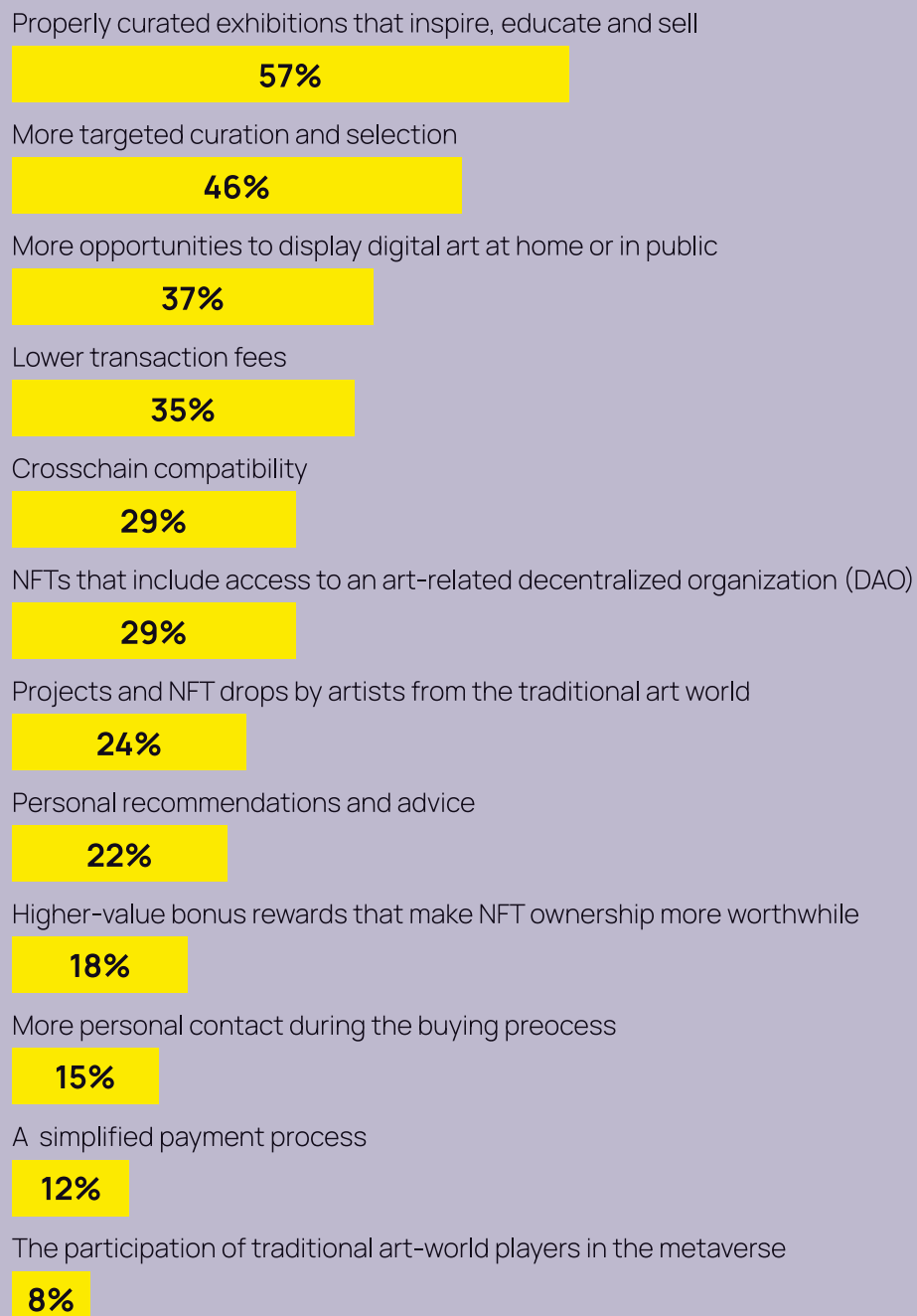
I like the status it provides

21%

^{*}multiple answers possible

When asked what would motivate them to buy more art NFTs in the near future, collectors rated the following factors the highest: curated exhibitions (57%), more targeted curation and selection (46%), and more opportunities to display art NFTs at home or in public (37%). On the other hand, only a few respondents (12%) said that they would buy more if the payment process was simpler. So technical complexity is clearly not an obstacle. (Fig. 3.3.2)

3.3.2 Motivations to buy more art NFTs (%)



*multiple answers possible

3.4 WHAT'S STOPPING SOME COLLECTORS FROM BUYING THEIR FIRST ART NFT?

Collectors who don't yet own any art NFTs are deterred by a variety of factors. When asked about their concerns, the respondents expressed the same misgivings that many have about the crypto space as a whole. In a sense, art NFTs have been tarred by the same brush as any other kind of crypto asset.

Factors such as too much speculation (39%), too much technological complexity (30%), and an uncertainty about the value of the artwork (27%) all prevented these hesitant collectors from dipping their toes in the art NFT space. But there was also a fourth hindrance: Interestingly, collectors are concerned with the yet unanswered questions of how to live with the digital artwork in real life. (Fig. 3.4.1)

3.4.1 Obstacles to making an initial art NFT purchase (%)

Focus on speculation rather than artistic merit

39%

Too much technical complexity

30%

Difficulty assessing fair value

27%

Inability to 'live' with the artwork

24%

Environmental impact of blockchain technology

22%

Lack of compatible digital wallet

22%

Lack of familiar artists

20%

Too much choice

19%

Lack of credibility for NFT artists in the mainstream art market

18%

Items are intangible

18%

Ambiguous ownership terms

16%

Higher risk of being hacked or defrauded

13%

I don't appreciate the transparency NFTs come with

4

*multiple answers possible

So what needs to change? When asked, the crypto-hesitant respondents provided the same answers as those who already own art NFTs. Evidently, it doesn't matter if collectors are considering their first art NFT purchase or are thinking of expanding their art NFT collection. 65% of crypto-hesitant collectors wanted more high-quality exhibitions (65%) and a more curated selection of art NFTs to choose from (56%). (Fig. 3.4.2)

3.4.2 Motivations to start collecting art NFTs:

If there were more high-profile NFT exhibitions to showcase quality artwork

65%

If the selection was less overwhelming and more curated

56%

If there were more environmentally friendly platforms and technologies

55%

If there were more high-quality artworks and NFT releases from established artists

55%

If the process was less complicated and intimidating

42%

If the payment process was easier and supported fiat currency

41%

If there were more workshops and tutorials that I could follow

38%

If I could talk or chat with someone during the process

37%

If I had an advisor telling me what to buy

35%

If I felt that transactions were more secure

31%

*multiple answers possible

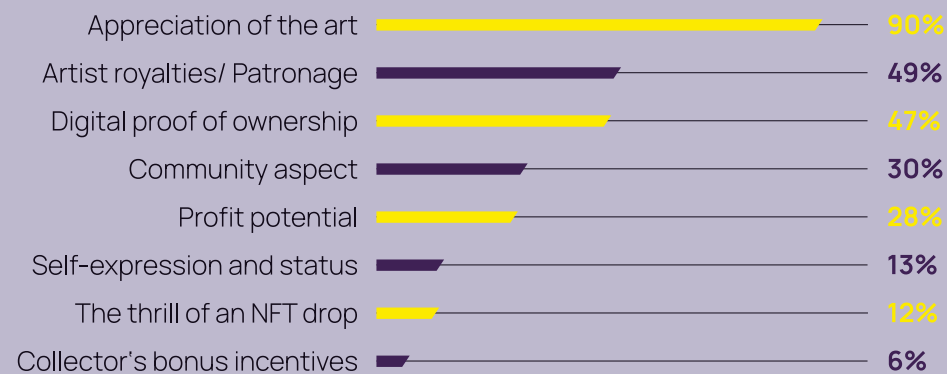
3.5 COLLECTING ART NFTS IS A DIFFERENT GAME

When asked what is fundamentally important to them when buying art NFTs, the respondents rated the appreciation of art as the most influential factor by far (90%). This was followed by ability to support artists with royalties (49%), having digital proof of ownership (47%), and a sense of belonging to a community (30%). (Fig. 3.5.1)

This stands in stark contrast to those who collect other kinds of NFTs. What motivates them is not what motivates your typical art NFT collector. Only 6% of art NFT collectors said that they were motivated by collectors' incentives, 12% by the thrill of an art NFT drop, 13% by the status of owning an art NFT and 28% by the art NFT's potential to turn a profit.

These numbers prove that the motivations for buying and collecting art NFTs are quite different from the motivations for buying collectibles or any other type of NFT.

3.5.1 With art NFTs it's different: Primary reasons for collecting art NFTs (%)^{*}



^{*}multiple answers possible

04 KEY FINDINGS

4.1 ABOVE ALL, IT'S ABOUT THE ART

90% of collectors value art NFTs as artworks above everything else

When you look at the numbers, it's clear to see that collectors buy art NFTs because of the artwork. 90% of respondents said that appreciation of the art was the most important factor. This might sound obvious at first glance, but it's worth remembering that most crypto asset purchases are driven by the expectation of profit or simply by FOMO (Fear of Missing Out) (see ch. 4.6).

Likewise, when asked what makes a good art NFT, collectors said that the artistic concept and innovative use of blockchain technology were the biggest factors coming in at 93% and 73% respectively. 79% also stated that digital aesthetics are important to them when making a purchase.

Unlike with NFT collectibles which often come with added value through incentives, art NFTs come primarily with an intrinsic value based on their aesthetic and artistic significance.

In the past, many have felt that digital art has been snubbed by the traditional art world. This is mainly due to its immateriality and other qualities that make the work hard to possess and monetize. But thanks to blockchain technology and the evolution of NFTs, digital art has finally received recognition as a valuable artistic medium and has fully arrived in the traditional art market.

4.1.1 Art at the core of art NFTs



- 93% Strong artistic concept
- 90% Art appreciation
- 80% Unique aspects of the technology
- 73% Digital aesthetics

” I believe that the NFT technology means a revolution for the real digital artists and digital arts. “

4.2 DIGITAL OWNERSHIP IS A GAME CHANGER

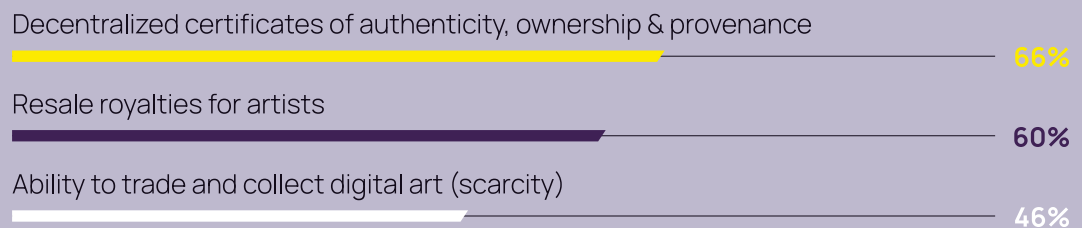
For 71% of the collectors, officially owning an art NFT is a strong collecting motivation

Nearly three quarters of collectors said they were motivated to own an art NFT because of their belief in the potential of smart contract automation to track transfer of ownership. Additionally, having digital proof ownership was important to 47% of respondents, with this factor being in the top 3 of the 11 options.

Many respondents felt that art NFTs have introduced revolutionary changes to the art buying process. Specifically, two thirds of respondents rated the advent of decentralized certificates of authenticity, ownership and provenance as the number one innovation. Blockchain technology now offers the potential to track an artwork's origin and creator. It can prove that a digital artwork is unique which creates scarcity and therefore value.

Most respondents agree that, in the future, the concept of digital ownership will become more relevant: 79% of the art NFT collectors believe in the potential of web3 and 65% of them plan to show their art NFTs in the metaverse.

4.2.1 Top 3 innovations associated with art NFTs *



*multiple answers possible

” Having the ownership of a specific digital piece, is priceless. “

4.3 ARTIST SUPPORT IS THE TOP MOTIVATION

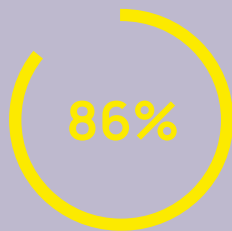
86% buy an art NFT out of appreciation for its creator

By far, the biggest motivation for collectors to buy art NFTs is to support digital artists. 86% of respondents said that this was their top motivation. Many seasoned collectors consider themselves supporters of the arts and enjoy having a personal engagement with the artists they collect.

Additionally, 60% of the collectors appreciated the potential to automate royalty payments for artists. This would ensure that artists remain part of the market long after the initial sale. Yet, for collectors, it isn't only about guaranteeing artists a continued share of the profits. Participation in the art NFT market also allows them to actively contribute to a new cultural paradigm.

In a way, art NFTs have brought the direct to consumer (DTC) model from ecommerce to the art market. However, for art NFTs, the term "artist-to-collector model" might be more appropriate. 71% of collectors lauded this approach and appreciated the social aspect of buying directly from their favorite artists and creators. Indeed, this is a novel feature and rather unusual when compared to the traditional art market where sales are brokered by galleries and dealers.

4.3.1 Artist support as the top collecting motivation



” I am collecting art NFTs to meaningfully interact with artists (new or old friends), see them evolve their work and support them. “

4.4 CURATION IS KEY

Better curation and exhibitions are the top two reasons to buy more art NFTs

Even though they were already motivated to collect art NFTs, many art NFT owners voted for better curated exhibitions that “inspire, educate and sell”. In fact, 57% of respondents said that this factor would inspire them to buy even more and it was the top motivating factor overall. In close second, at 46%, was the desire for “more targeted curation and selection” which goes hand-in-hand with the process of developing an exhibition concept.

These factors were also cited by those art collectors who hadn't yet bought any art NFTs at all. Indeed, two-thirds of crypto-hesitant art collectors said that “more quality exhibitions” and “curation of art NFTs” might motivate them to take the plunge and finally buy their first art NFT.

Every player in the cryptoverse wants their assets to be in high demand, but with art NFTs, the methods for driving demand will be vastly different. Judging by these results, actors in the art NFT space should emulate strategies that are commonplace in the traditional art world: namely, organizing curated, high-quality art NFT exhibitions and situating artworks in their wider artistic context. Of course, trying to import practices from the traditional art-world will be challenging — as they collide with the crypto-centric ideals of decentralization and transparency. It will be interesting to see how the interests of the collectors will be preserved in this inevitable clash of cultures.

4.4.1 Key reasons for buying art NFTs

Motivations to buy more art NFTs	Motivations to start buying art NFTs
Curated exhibitions 57%	65% High profile exhibitions
Targeted curation and selection 46%	56% Curated selection

” Different platforms for different genres, personalisation and individualisation continue to matter. “

4.5 INCENTIVES MEAN LITTLE TO ART NFT COLLECTORS

Most art NFT collectors do not seek out collectors' incentives at all

When buying art NFTs, 66% of collectors said that they weren't particularly interested in collectors' incentives. This is simply because they appreciate the art itself over everything else (see ch. 4.1) When surveyed, they rated the collectors' incentives that come with art NFTs" as the least important dimension out of 11 dimensions (7%), indicating that such incentives were basically irrelevant.

This finding seems to run counter to the dominant narrative in the wider NFT space, where collectors' incentives are a "must have" for building hype around an NFT collection.

Nevertheless, there were some respondents who appreciated such incentives. For this group, the top three incentives were: privileged access (22%), airdrops (21%) and memberships (20%). These preferences tell us something. They show that collectors want the same things that they appreciate in the traditional art world: direct relationships with artists and privileged access to artists communities. Fortunately, digital platforms make this desire much easier to fulfill.

4.5.1 Importance of collectors' incentives



Art NFT collectors who are interested in collectors' incentives (7%)

” I am not looking for gamification, but for art. “

4.6 ART NFT COLLECTING IS LESS DRIVEN BY SPECULATION

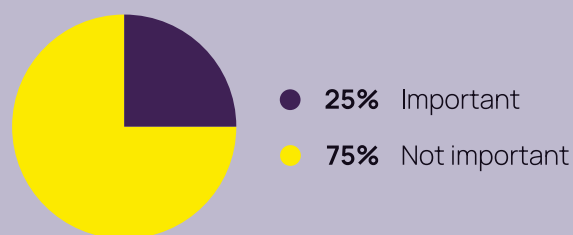
Only a quarter of art NFT collectors think return on investment is important

The potential for “massive gains” doesn’t seem to motivate art NFT collectors to any large degree. Only 28% said that the potential to make a profit was important when deciding what art NFTs to buy. For roughly half of the respondents (49%), art NFT collecting is neither about the return on investment (ROI) nor “diversifying an existing portfolio by investing in a new asset class”.

This contradicts the popular belief that NFT collecting is about pure speculation. While it may hold true for other types of NFT, it applies less to art NFTs. This misconception, however, continues to be prevalent among skeptical art collectors. They appear to be tarring art NFTs with the same brush as other crypto assets. Indeed, 39% of crypto-hesitant collectors said that they put off buying art NFTs for this reason.

To some, it might seem a weakness that art NFTs aren’t as financially lucrative as collectible NFTs and don’t have as much utility. However, it’s the art itself that bestows an art NFT with its utility. Unlike mainstream NFTs, digital art relies on other forces to establish an artist’s oeuvre and reputation. As such, one can assume that fine art NFTs will probably take longer to flourish in the NFT space.

4.6.1 Importance of profit potential when buying art NFTs



” *Let’s talk less about investment and technology and focus on the art and the artistic concept behind it.* “

4.7 ART FRACTIONALISATION'S POTENTIAL

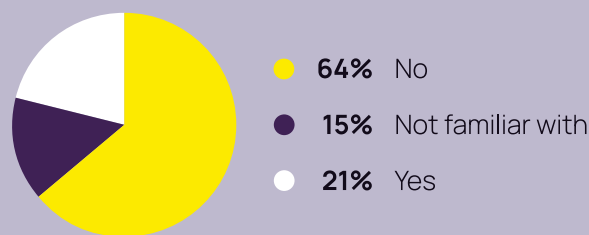
Emotional investing through fractionalised art NFTs

The ability to buy a fraction of an art NFT is still a fairly new feature, but collectors are already taking advantage of it (or want to). 21% of art NFT owners said that they've already made some fractionalized art purchases and one third of them said that they plan to do so in the near future. Only 15% said they weren't yet familiar with the concept of art fractionalization.

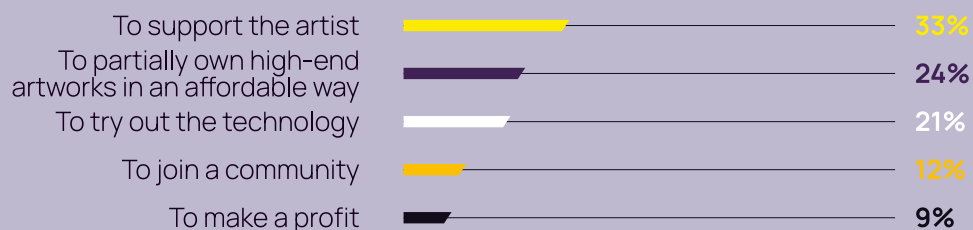
The top motivation for those who did buy fractionalised art NFTs was the desire to support the artist – a pattern that shows up frequently in this report. Collectors also said that they bought fractionalized art NFTs because they made it possible to partially own high-end artwork in an affordable way. This was the second most popular motivation. The potential to turn a profit was the least rated motivation, coming in at just 9%.

Based on these findings, the decision to buy fractionalized art NFTs seems to be based primarily on emotion (emotional investing). Fractionalized art NFTs also provide a low-risk entry point for hesitant art NFT collectors-to-be.

4.7.1 Have you invested in fractionalized art NFTs before?



4.7.2 Motivations to invest in fractionalized art NFTs



” I hope to understand it much better soon! ”

4.8 CRYPTO: ONCE YOU'RE IN, YOU'RE IN FOR GOOD

For nearly 90% of the art NFT collectors, paying in crypto is not an issue

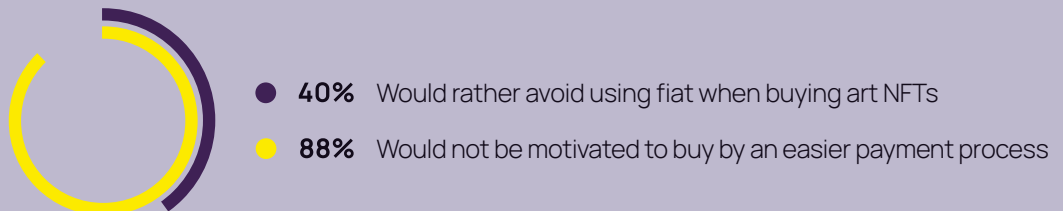
Not surprisingly, the payment process is a sticking point for many collectors-to-be. Out of this group, 42% said that they'd start buying art NFTs if the payment process was easier and 30% said that they needed the entire buying process to be less technically complex. Overall, payment and technical complexity were the top two hindrances for art NFT collectors to be.

However, 88% of those who already own art NFTs, said that the process of setting up a wallet and paying in cryptocurrency wasn't an issue at all. A simpler payment process wouldn't drive them to purchase more because they've already adapted to the status quo.

Nevertheless, half of all collectors were open to paying with Credit Card or PayPal if possibility arose. On the other hand, a sizable chunk of collectors (40%) wanted to "avoid using fiat" to pay for art NFTs.

Although paying in crypto isn't a huge issue, soaring transaction fees certainly is. 35% of art NFT owners said that lower transaction fees would definitely motivate them to buy even more art NFTs.

4.8.1 Preference for crypto vs fiat payment



” Crypto over fiat, it's part of the experience! “

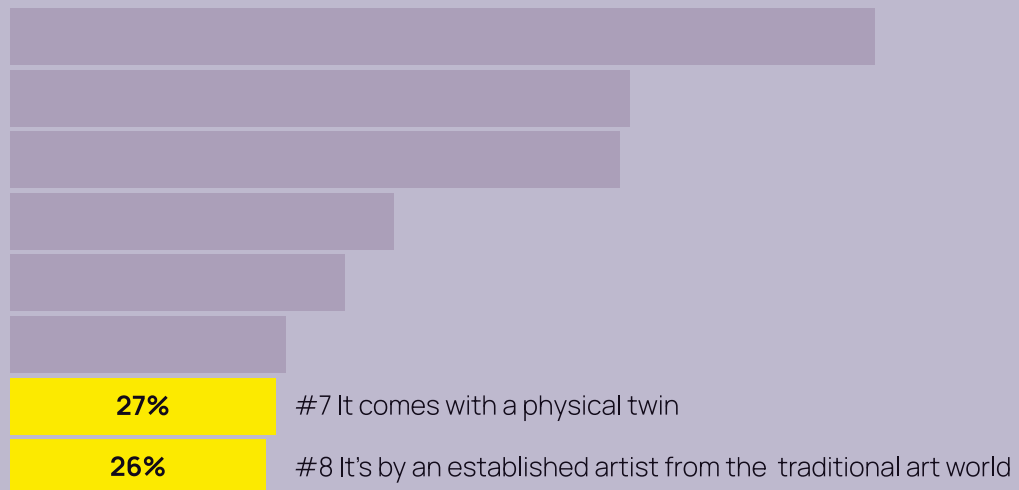
4.9 NO HEAD START FOR BIG-NAME ARTISTS

Only 8% of collectors bought an art NFT because it was created by a well-known artist from the traditional art market

For 92% of collectors, an art NFT by a big-name artist didn't have any more pulling power than one by an artist unknown to the traditional art market. In fact, "created by an established artist" was rated the second least important consideration out of 7 options. Very clearly, the prestige of being a household name is not instantly transferable when entering the art NFT space. It's a new space, with new rules.

This is reinforced by the finding that almost no one wants an art NFT that's merely a digital twin of a physical work. In the traditional art world, it might be considered innovative to have digital and physical versions of an artwork, but it has no relevance for art NFT collectors. Collectors rated this the least important quality in their responses on what makes a good art NFT.

4.9.1 What does and does not make a good art NFT?



*multiple answers possible

” I consider art NFTs having a digital native component and I see traditional artists posting images from their traditional painting, that's a big no-no for me. “

4.10 A SENSE OF COMMUNITY MAKES A BIG DIFFERENCE

60% of art NFT collectors were motivated by a sense of community

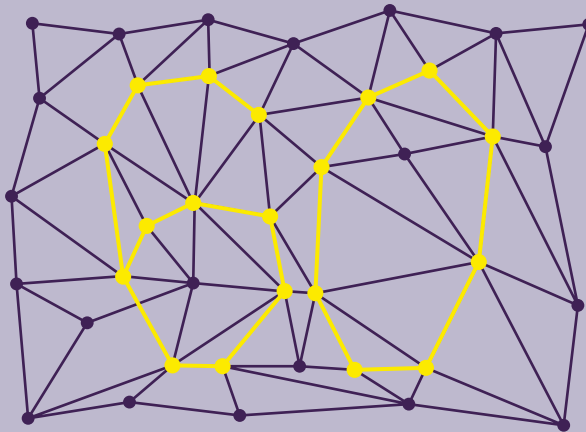
Many collectors invest small sums in digital artworks because they appreciate the artist and want to support them (see ch. 4.3). This means that art NFT owners become part of a closed community whose members stay connected – to each other and the artist. At 60%, a sense of community was an important motivating factor cited by art NFT collectors.

For collectors, belonging to a community is becoming no less important than owning the artwork itself. It's a kind of communal ownership that serves as a form of collective self-expression.

In the traditional art world, collecting is done in private, often one-to-one, in closed spaces. Yet with art NFTs, it feels more natural to buy, share and enjoy them in public—on social media or in the metaverse (see ch. 4.11). Indeed, the transparency of most blockchains encourages this openness. Thus, collecting art NFTs is becoming a more communal experience.

Even the artists themselves value this aspect. 94% of them said that they collect the work of their peers in the digital artist community.

4.10.1 Community matters (in %)



For 60% community represents an important motivation to collect art NFTs

“ It allows buyers to form an emotional connection to a unique work of art, while also being part of a community of similarly-minded collectors who share ownership in a collection. ”

4.11 BRINGING ART OUT OF THE WALLET

Many collectors plan to show their art NFTs outside their wallet

Collectors have a strong desire to show their art NFTs in real life — starting with their own homes. 73% would still like to show them digitally on an NFT display screen and 61% are planning to display physical reproductions of their art NFTs, as high-quality art prints for example. In general, over one third of art NFT collectors (37%) would be motivated to buy more art NFTs if they had better options to display them at home, making this one of the top three motivations.

” *Phygitality!* “

When it comes to digital presentation, 65% of the collectors want to show their art NFTs in the metaverse, even if they’re not always sure where exactly. 63% plan an NFT exhibition of their own and 51% want to show their art NFTs in a virtual gallery or virtual museum. It’s clear that collectors will be increasingly keen to place their art NFTs in digital spaces that give them access to much wider audiences in the near future.

” *Nevertheless, the desire for a physical part of the artwork is learned and still very strong.* “

4.11.1 How do you currently show your art NFTs - and how do you plan to?

	Currently	Plan to
On a personal device	86%	14%
As an avatar	74%	26%
As a physical reproduction	39%	61%
At home in a digital frame	27%	73%
In an own NFT exhibition	37%	63%
In a digital gallery or virtual museum	49%	51%
In the metaverse	35%	65%
Don't know how to access it	67%	33%
It just stays in my wallet	95%	5%

4.12 WOMEN ON THE RISE IN THE ART NFT SPACE

More than a third of art NFT collectors are female

Out of all the respondents who own NFTs, 54% identified themselves as male, 34% as female and 12% preferred not to indicate their gender. The split is very similar to those who specifically own art NFTs, with 53% identifying as male, 35% as female and 12% preferring not to say. Out of the women, 93% of those with wider NFT experience also owned art NFTs.

The crypto world and NFT space seem to have a strong male base and men still made up the majority of art NFT collectors in this survey. However, given that 34% of women own NFTs, and 35% own art NFTs, it's evident that art NFTs are not just another fad for crypto bros. Interestingly, the individual collecting habits for men and women turn out to be almost identical.

In fact, 45% of women said they plan to buy even more art NFTs throughout the next 12 months, which was a higher percentage than the men (43%) – so the art NFT space is indeed becoming more female.

In summary, we can be certain that female art NFT collectors are on the rise.

4.12.1 Art NFTs aren't for crypto bros



● 34% of women owning NFTs

● 35% of women owning art NFTs

” No bias, please!” “

4.13 COLLECTORS ARE SWITCHING WORLDS IN BOTH DIRECTIONS

Traditional collectors are entering the NFT space - and NFT collectors the traditional art world

Of those surveyed, 85% of all art NFT owners also collect work in the traditional art market. And 67% of those who haven't yet bought art outside the art NFT space, plan to do so in the future. This could potentially lead to interesting new relationships in the traditional art world.

On the other hand, 63% of art collectors who don't already own art NFTs, plan to buy some within the next 12 months.

The crypto art space and traditional art market are not at all two worlds apart. While the traditional art community is showing more interest in art NFTs, the crypto community is also showing more interest in the traditional art market. What unites them is a shared passion for art.

4.13.1 Collectors are switching sides in both directions



“ It has opened art to new communities and type of artists and artworks on both ways. ”

4.14 THE FUTURE LOOKS BRIGHT

Three quarters of all collectors plan to buy just as many or even more art NFTs in 2022

76% of all respondents said that, in the next 12 months, they plan to buy the same number of art NFTs as last year or even more than last year. A higher percentage of women than men indicated that they would buy more in the near future (45% vs 43%).

According to 68% of the collectors surveyed, art NFTs will continue to increase in relevance in the near future, men being slightly more positive about this development (71%) than women (67%). Even art collectors who, up until now, have stayed away from the art NFT space seem to agree (50%).

In other words: art NFTs are definitely here to stay!

4.14.1 Fine art NFTs are here to stay



” *The possibility of truly digital art will play a foundational role in all sorts of virtual worlds (web3) that people will increasingly spend their time in.* “

05 WHAT'S NEXT?

2021 saw a great deal of hype around NFTs but in 2022, we've seen the first signs that the bubble might soon burst. Despite the drop in NFT euphoria, the traditional art world and many art buyers are paying close attention. Since then, demand has only risen as more collectors are drawn to the enigmatic allure of art related NFTs.

For digital artists, this cultural shift has been long overdue. **Digital art** has been around for decades, but the art market hasn't always taken it seriously. Digital artworks were consistently undervalued because they were perceived as immaterial and easy to copy. Blockchain technology now purports to overcome these obstacles and the promise of scarcity through digital

ownership has boosted the profile of digital art. It is now being recognised as a valuable artistic medium in its native context: namely the internet (and more recently, the metaverse), and it's finally cementing its rightful position in the art market and artistic canon.

Art NFTs are not a short-term investment or a technical curiosity in the eyes of collectors. For collectors, the core utility of an art NFT comes from the artwork itself. Put simply, collectors buy art NFTs primarily because they appreciate the art — it's the same reason they buy traditional art. This implies that **art NFTs are conceptually closer to traditional artworks** than they are to other forms of NFTs.

New space, new rules

However, from the perspective of the art market, this is still a new space with new rules. Art NFT collecting demands a new kind of relationship between creators and collectors, fostered by a new form of social engagement.

Although they might spend small sums of money, collectors buy digital artworks to show appreciation for the artists. In doing so, they become part of a tight-knit community that stays connected to the artist and each other. Thanks to the underlying web3 phenomena of **communal ownership**, joining a community is now becoming just as important as owning the artwork. Whereas traditional art collecting is mostly a one-to-one experience done in private, art NFT collectors like to display, share and enjoy their purchases in a more collective manner: on their devices, on social media or in the metaverse. Art NFT collecting basically combines the familiar aspects of traditional art collecting with the social aspects of NFTs, making it a truly **social collecting experience**.

Many seasoned art NFT collectors consider themselves supporters of the arts. They enjoy the personal engagement with the artists and welcome the option to support the artist through resale royalties. It's a way for them to actively contribute to a new cultural paradigm — a form of **emotional investing** driven by the desire to contribute to something meaningful. After all, a passion for art and an urge to invest wisely aren't necessarily incompatible instincts. They certainly aren't in the traditional art market.

However, there **are new rules for big-name artists**, too. When entering the art NFT space, they can't just rely on the high standing and ways of working that they're used to in the traditional art world. It is important to understand that art NFT collectors aren't just looking for a digital twin or adaptation of an existing artwork. Of course, everyone expects a strong artistic concept, but art NFT collectors also want to see that artists can leverage the unique affordances of the blockchain in creative, unforeseen ways.

Unlocking future potential

Our latest research reveals that art NFT collectors are optimistic about the overall **rise of art NFTs**. The vast majority of collectors said that they plan to purchase at least as many art NFTs in 2022, if not more. Two-thirds of traditional art collectors, in particular, want to start purchasing art NFTs within the next 12 months. This abundance of potential new art NFT collectors represents a tremendous market opportunity and there are several promising ways to leverage this potential.

Our survey has clearly shown that art NFT collecting isn't really about pure investment or speculation. Yet crypto-hesitant collectors are still put off by this **misconception**. They need more information so they don't lump art NFTs in with the rest of the NFT space. When this obstacle is overcome, we will undoubtedly see more collectors joining the art NFT community.

But most importantly, existing and potential collectors yearn for more professional curation and high-quality exhibitions in the art NFT world. This will motivate more collectors to start buying art NFTs. It will also motivate those who already own art NFTs even further. In the traditional art world, **curation and exhibition planning** have long been professionalized. Yet these disciplines will undoubtedly be reshaped by the decentralized and autonomous nature of crypto space. But what consideration will be given to the interests of collectors over the course of this process - and by whom? We'll have to wait and see.

Right now, the overwhelming majority of art NFTs are sitting idly in the wallets of their owners, but most collectors plan to change this in the future. On the one hand, there's a strong desire to show art NFTs in their native digital context. But on the other hand, more than one third of the collectors want to **show them in real life**, too. In fact, collectors would undoubtedly buy more art NFTs if there were more suitable options to display them at home or in other physical spaces. To address this demand, we'll likely see more

NFT display hardware hitting the market soon. It's also noteworthy that collectors' buying motivations are influenced by **environmental concerns**. Specifically, they're worried about their carbon footprint when leveraging new blockchain-based networks to process art NFT related transactions. Fortunately, blockchain-technology is quickly evolving to address these concerns.

Last but definitely not least: This report shows that **female art NFT collectors** are visibly on the rise, with more women than men planning to buy art NFTs throughout the next 12 months compared to last year. Not to mention that female NFT artists are on the rise too. Undoubtedly, the art NFT space will soon become more female, thus ending the era of the archetypal crypto bro.

As we speak, the barriers to **web3** adoption are slowly eroding and in all likelihood, crypto wallets will soon be commonplace. Likewise, it will soon be normal to buy digital assets whose ownership is tracked on some kind of blockchain. In this sense, art NFTs are a small part of a growing movement which will sooner or later gain wider societal adoption.

Art NFTs are here to stay. They're expanding the scope of the art market by appealing to eager collectors who are looking for a new category of valuable fine art. But within this new art NFT space, it will be crucial to introduce a more curated, quality-driven approach—one that promotes high-quality digital art in tandem with the needs of the collector. To realize their full potential, fine art NFTs must first be situated in their wider artistic context through curated, high-quality exhibitions that inspire, educate and sell. And they need to be shown in real life too, be it at home or in public. There's certainly no lack of potential: with more and more traditional art collectors just beginning to enter the space, we can definitely look forward to more untapped market potential.

We like to think of it as just the start of the beginning.

06 METHODOLOGY

As framework of the ART+TECH Report I art NFT Collecting, 306 international art and art NFT collectors were surveyed about their personal buying experiences and collecting motivations with art NFTs.

The online survey was conducted between February 8th and March 6th, 2022 (using the Typeform software). By distributing the survey link in cooperation with renowned art and NFT experts amongst their Twitter, Discord and LinkedIn-communities, we were able to address a correspondingly broad collector base.

In the questionnaire, respondents could identify themselves as male (incl. transgender men), female (including transgender women), or could prefer not to say. The total respondents represented an almost even split amongst those who identified as female or male (43% female, 46% male) and included a variety of age groups and collector profiles. (Fig. 2.2.1, Fig. 2.3.1) Among the 306 respondents surveyed, 50% identified as art NFT owners and form the basis for the following questions on art NFT collecting.

All cited quotes are anonymous, unmodified comments from respondents taken from the online survey.

In this report, the term “art NFT” is used in distinction to NFTs and NFT collectibles.

This is an independent report and was not commissioned by any specific institution or sponsor. It therefore serves as a general reference and actual results are not guaranteed.

07 GLOSSARY

The crypto space has its own jargon, key terms and concepts which can make it seem complex. We have created a glossary to familiarize our readers with key words and abbreviations and to ensure consistency and mutual understanding.

Art NFT “NFT” stands for Non-Fungible Token. Non-fungible tokens are cryptographically unique, indivisible, irreplaceable and verifiable and they represent a specific asset, be it an physical or intangible item, on a blockchain. Simply put, NFTs make it technically possible for digital assets to be owned and traded. We introduced the term “Art NFT” to specifically refer to NFTs associated with digital artworks and to differentiate them from other NFT types such as collectibles.

Bitcoin The first cryptocurrency and currently the most valuable mainstream currency. It was created in 2009 by a pseudonymous programmer named Satoshi Nakamoto with the goal of creating a “trust-less” peer-to-peer cash system to reclaim financial control from corporate finance and allow ordinary people to participate in a decentralized financial system. Bitcoin uses blockchain technology to track transactions, allowing online payments to be sent directly from one party to another without having to involve a central authority.

Blockchain Blockchain is essentially a shared, immutable digital ledger used to record transactions, track assets, and build trust. Information is stored and verified in a cryptographically secure manner that makes it difficult or impossible to change, hack, or cheat the system. Blockchain technology powers digital currencies, but also serves as the underlying technology for things like NFTs, web3 applications, and more.

Collectibles A collectible (collectible or collector’s item) is any object regarded as being of value or interest to a collector. When we talk about NFT collectibles, we are referring to digital items that are commonly used for community building or games. Well-known examples are CryptoPunks, Bored Apes or CryptoKitties.

Crypto In the past the word was used as an abbreviation for cryptography (cryptography is a method of protecting information and communications through the use of codes, so that only those for whom the information is intended can read and process it.). These days, “crypto” usually refers to the entire universe of technologies that involve blockchain.

Cryptocurrency A cryptocurrency is a digital or virtual currency that is secured by cryptography and powered by blockchain technology, which makes it nearly impossible to counterfeit or double-spend. Currently there are nearly ten thousands of cryptocurrencies. Most popular cryptocurrencies are Bitcoin and Ether.

Discord Originally a group chat platform designed for gamers, Discord has since evolved into a general platform for many types of communities and is particularly heavily used by NFT creators and collectors (discord.com).

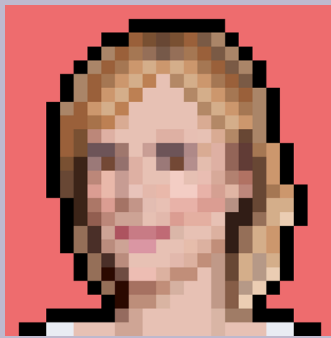
Drop	A drop is the release of a non-fungible token (NFT) project. It refers to the exact date, time, and generally the minting price (minting = recording information into the blockchain) of the NFT. Many NFT drops have buying limits that apply to the number of NFTs you can mint in one transaction.
ETH	The native currency of the Ethereum network. Ethereum is the next largest cryptocurrency after Bitcoin.
Fiat Currency	Fiat currency is a government-issued currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it, such as US-Dollars or Euros.
Fractionalized NFT	NFT fractionation is simply the division of ownership of an NFT into smaller fractions. This makes it possible for several people to own a single NFT.
Gas Fee/ Transaction Fee	A gas fee is the charge that users pay for any transactions on the blockchains. Gas is used to compensate the miners (the people who create NFTs on the blockchain) for the computational power and resources necessary to validate and add transactions to the blockchain.
Marketplace	NFT marketplaces are platforms where NFTs can be stored, displayed, traded and in some cases minted (created). These marketplaces are to NFTs what Amazon or eBay are to goods, for example OpenSea, SuperRare, Rarible, NiftyGateway, Foundation.
Metaverse	The metaverse is often described as the next step in the evolution of the Internet. The marriage of a variety of existing technologies (AR, VR, 3D computing, etc.) enables a fusion of virtual, augmented and physical reality and blurs the lines between online and real interactions. Currently, it is often perceived by people as a collective virtual community space where one can work, play, shop and socialize. To name a few: Sandbox, Roblox, Decentraland.
MetaMask Wallet	MetaMask is a software cryptocurrency wallet used to interact with the Ethereum blockchain. It allows users to access their Ethereum wallet through a browser extension or mobile app, which can then be used to interact with decentralized applications.
Non-Fungible Token (NFT)	see definition of "art NFT"
Royalties	In the context of NFTs, royalties are usually set by the owner during the minting process. NFT royalty guarantees the original owner a percentage of the sale price each time the NFT is resold.
Wallet	A secure electronic repository for cryptocurrency and other crypto assets such as NFTs.
Web3	The term web3 simply refers to the next iteration of the internet that promotes decentralized protocols and aims to reduce dependency on large tech companies by focusing on shifting power to individual users.

08 ABOUT

The **ART+TECH Report** investigates and illuminates the interface between art, market and technology.

The ART+TECH Report is an independent initiative by Kerstin Gold, Kristina Leipold, Johanna Neuschäffer and Anne Schwanz - four Berlin art market actors with different functions, who share a strong interest in future-proof scenarios for the art ecosystem. The initiative was founded in May 2020 with the concrete intention to shed light on the influence that digitization has on a market that still operates very traditionally.

Co-Founders ART+TECH Report



Kerstin Gold

Kerstin@arttechreport.com

www.kerstingold.com

www.artpreneur.io

[LinkedIn](#)

[Twitter](#)

Kerstin Gold is a Berlin-based strategy consultant for the art ecosystem. She advises commercial galleries, museums, foundations and art market entrepreneurs on digital transformation and business model innovation and serves as an art+tech start-up advisor. Kerstin Gold is co-founder of Artpreneur.io, a think tank at the intersection of art+tech+business and co-founder of the research initiative ART+TECH Report.



Kristina Leipold

Kristina@arttechreport.com

www.artpreneur.io

[LinkedIn](#)

[Twitter](#)

Kristina Leipold works as Commercial Director for the Berlin art foundation Light Art Space (LAS). As a lecturer and consultant for the creative industries, her focus is on cultural management and digital media. She started Artpreneur.io together with Kerstin Gold and is co-founder of the research initiative ART+TECH Report.



Johanna Neuschäffer

Johanna@arttechreport.com

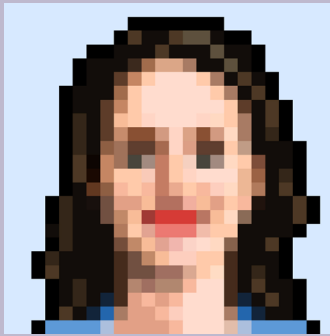
www.officeimpart.com

[Instagram](#)

[LinkedIn](#)

[Twitter](#)

Johanna Neuschäffer is co-founder of OFFICE IMPART, a multi-dimensional space and platform for contemporary art. The two gallerists are experts for and on a changing art world. They develop exhibitions on- and offline, with classically produced and digital works. The typical question whether we are a gallery, they therefore basically answer with: "Yes, too!". She co-founded the research initiative ART+TECH Report.



Anne Schwanz

Anne@arttechreport.com

www.officeimpart.com

[Instagram](#)

[LinkedIn](#)

[Twitter](#)

Anne Schwanz is co-founder of OFFICE IMPART, a multi-dimensional space and platform for contemporary art. The two gallerists are experts for and on a changing art world. They develop exhibitions on- and offline, with classically produced and digital works. The typical question whether we are a gallery, they therefore basically answer with: "Yes, too!". She co-founded the research initiative ART+TECH Report.

The Editions

The current **ART+TECH Report I art NFT Collecting**, published in April 2022, is the initiative's second edition and expands the research focus to include current developments in the art market. It sets out to examine buying patterns and collecting motivations of art NFT collectors. The report brings the less noticed collector's perspective to the fore in order to identify important market opportunities and provide sellers with recommendations for their own successful future in the digital art market.

The first edition, the **ART+TECH Report I Collectors Edition**, which was published exactly one year earlier in April 2021, embraced the momentum of the general digitization push due to the pandemic and surveyed and analyzed the art collectors' behavior when buying art online.

For further questions regarding the present ART+TECH Report I art NFT Collecting, feel free to contact us any time.

www.arttechreport.com E-Mail: kerstin@arttechreport.com [LinkedIn](#) [Instagram](#)

09 CREDITS

Concept and Editing:	Kerstin Gold
Analysis and Evaluation:	Johanna Neuschäffer, Kerstin Gold
Data Analysis Support:	Georg Neuschäffer
Report & diagram design:	Konstantin Küpper
Web design:	More Sleep, Berlin
Logo development:	Philip Borchardt, d&p Kommunikation GmbH, Berlin
English Copy Editing:	Merlin Carter
Publishing:	Kerstin Gold, Kristina Leipold, Johanna Neuschäffer, Anne Schwanz

CryptoPortraits by Banz & Bowinkel: #75 @asmartview, #76 @perdu_et_trouve, #77 @anne.schwanz, #78 @joartneu. Profile Picture, Year: 2021-2022, Dimensions: 1024 x 1024 pixels, Format: jpeg

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ART+TECH Report

Represented by:

Kerstin Gold, Kristina Leipold, Johanna Neuschäffer, Anne Schwanz

www.arttechreport.com

E-Mail: info@arttechreport.com